Merger of weak Urban Cooperative Banks

3717. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to merge or amalgamate the weak and non-viable urban cooperative banks with financially stronger ones to arrest sickness among banks;

(b) if so, what are the details of the weak and non-viable Urban Cooperative Banks identified for merger;

(c) what are the reasons of their sickness; and

(d) by when the weak Urban Cooperative Banks would be merged?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (d) Reserve Bank of India (RBI) considers the question of merger of weak Urban Cooperative Banks which have no prospect of becoming viable, with strong Urban Cooperative Banks in consultation with Registrar of Cooperative Societies of the respective States on an on-going basis. During the year 1993, six such banks were amalgamated or were in process of amalgamation. Government had issued orders of moratorium in respect of these banks on the recommendations of RBI. Particulars of these banks are given below:

Name of the weak bank (Transferrer Bank)	Name of the bank take over (Transferee bank)
1. Swastik Janata Sahakari Bank Ltd., Bombay	Janata Sahakari Bank Ltd., Pune.
2. Kolhapur Sahakari Bank Ltd., Bombay	Solapur Janata Shakari, Bank Ltd., Solapur
3. Barsi Central Urban Cooperative Bank Ltd., Barsi, Distt. Solapur.	Osmanabad Janata Sahakari Bank Ltd., Osmanabad.
4. Punjab Urban Cooperative Bank Ltd., Pune.	Sangli Urban Cooperative Bank Ltd., Sangli.
5. Dhule Urban Cooperative Bank Ltd., Dhule.	Jalgaon Janata Sahakari Bank Ltd., Jalgaon.
6. Nagpur Urban Cooperative Bank Ltd., Nagpur.	Saraswat Cooperative Bank Ltd. Bombay.

RBI has reported that the banks generally become weak due to defective lending policy and procedure followed by them, high level of bad and doubtful debts, frauds and misappropriations and overdues.

Starting banking by ICICI

3718. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether I.C.I.C.I. has any proposal under its consideration to start a Bank;

(b) what are the reasons for ICICI going in for a Bank;

(c) what is the Government's stake in the proposal ICICI Bank;

(d) whether ICICI is over-extending its activities by exerting Banking; and

(e) whether there is any proposal to bifurcate ICICI in view of such diversification?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) ICICI which is mainly engaged in providing long term financial support to the industrial projects at present, proposes to start a commercial bank as a separate company to provide short term finance. This would facilitate its client companies to obtain finances for their projects conveniently.

(c) Government would not have any stake in the proposed ICICI bank.

(d) and (e) No, Sir.